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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2001 AND ENDING December 31, 2001  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Mission Capital Investment Group, Inc.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1902 West Moore Ave.

(No. and Street)

Santa Ana

CA

92714

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Matthew Jennings

(949) 279-1293

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

SPICER, JEFFRIES & CO.

(Name -- if individual, state last, first, middle name)

4155 EAST JEWELL AVENUE, SUITE 307 DENVER

COLORADO

80222

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 20 2002

FOR OFFICIAL USE ONLY

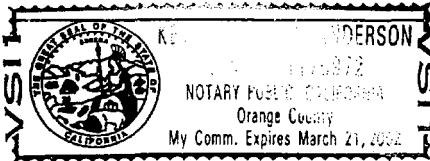
P THOMSON  
FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

BB  
3/19

## OATH OR AFFIRMATION

I, Matthew Jennings, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mission Capital Investment Group, Inc, as of December 31, 2001 are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Matthew Jennings  
Signature  
President  
Title

Kevin Patrick Anderson  
Notary Public  
KEVIN PATRICK ANDERSON



This report\*\* contains (check all applicable boxes):

- ☐ (a) Facing page.
- ☐ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Cash Flows.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☐ (o) Independent Auditors' Report on Internal Accounting Control Required By

SEC Rule 17a-5

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

## Acknowledgement - General

This form furnished by United Title Company

STATE OF CALIFORNIA

COUNTY OF Orange

} SS.

On February 28<sup>th</sup> 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared Matt Jennings

~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) ~~is/are~~ subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity(ies), and that by ~~his/her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Kevin Patrick Anderson

### FOR NOTARY SEAL OR STAMP



# MISSION CAPITAL INVESTMENT GROUP, INC.

## CONTENTS

	<u>Page</u>
Independent Auditors' Report	3
Statement of Financial Condition	4
Statement of Operations	5
Statement of Changes in Shareholders' Equity	6
Statement of Cash Flows	7
Notes to Financial Statements	8-9
Supplementary Schedule:	
Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-1 Included in the Company's Corresponding Unaudited Form X-17a(5) Part II Filing	10
Independent Auditors' Report on Internal Accounting Control Required by SEC Rule 17a-5	11-12



CERTIFIED PUBLIC ACCOUNTANTS

4155 E. JEWELL AVENUE

SUITE 307

DENVER, COLORADO 80222

TELEPHONE: (303) 753-1959

FAX: (303) 753-0338

[www.spicerjeffries.com](http://www.spicerjeffries.com)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Mission Capital Investment Group, Inc.

We have audited the accompanying statement of financial condition of Mission Capital Investment Group, Inc. as of December 31, 2001, and the related statements of operations, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mission Capital Investment Group, Inc. as of December 31, 2001, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the supplemental schedule listed in the accompanying index is presented for purposes of additional analysis and is not required for a fair presentation of the financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our audit of the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Spicer, Jeffries & Co.*

Denver, Colorado  
February 26, 2002



MISSION CAPITAL INVESTMENT GROUP, INC.

STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2001

ASSETS

DUE FROM CLEARING BROKER	\$ 7 251
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LIABILITIES AND SHAREHOLDERS' EQUITY

CONTINGENCIES (Note 4):

SHAREHOLDERS' EQUITY (Note 2):

Common stock, no par value; 1,000,000 shares authorized;

113 shares issued and outstanding	123 482
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Less treasury stock, 10 shares, at cost	(44 000)
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Deficit	(72 231)
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<i>Total shareholders' equity</i>	<u>7 251</u>
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\$ 7 251
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MISSION CAPITAL INVESTMENT GROUP, INC.

STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**REVENUE:**

Commissions	\$ 317 650
Other	<u>37 176</u>

*Total revenue* 354 826

**EXPENSES:**

Commissions and salaries	153 969
Clearing charges	138 165
Occupancy and telephone	34 839
General and administrative	<u>29 669</u>

*Total expenses* 356 642

**NET LOSS** \$ (1 816)

**MISSION CAPITAL INVESTMENT GROUP, INC.**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Common Shares</u>	<u>Stock Amount</u>	<u>Treasury Stock</u>	<u>Deficit</u>
<b>BALANCES, December 31, 2000</b>	118	\$ 136 371	\$ (20 000)	\$ (70 415)
Distributions	-	(12 889)	-	-
Purchase of treasury stock	-	-	(24 000)	-
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1 816)</u>
<b>BALANCES, December 31, 2001</b>	<u>118</u>	<u>\$ 123 482</u>	<u>\$ (44 000)</u>	<u>\$ (72 231)</u>



MISSION CAPITAL INVESTMENT GROUP, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
INCREASE (DECREASE) IN CASH

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net loss	\$ (1 816)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Decrease in due from clearing broker	55 717
Decrease in accounts payable	(42 370)
Decrease in commissions payable	<u>(33 323)</u>
<i>Net cash used in operating activities</i>	<u>(21 792)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Decrease in other assets	9 924
Purchase of furniture and equipment	<u>(825)</u>
<i>Net cash provided by investing activities</i>	<u>9 099</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Purchase of treasury stock	<u>(24 000)</u>
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**NET DECREASE IN CASH** (36 693)

**CASH, at beginning of year** 36 693

**CASH, at end of year** \$ -

**SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING  
AND FINANCING ACTIVITIES:**

Distribution of furniture and equipment to shareholder 12 889

## MISSION CAPITAL INVESTMENT GROUP

### NOTES TO FINANCIAL STATEMENTS

#### ***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Company was incorporated in California on October 4, 1996 and is registered as a broker-dealer in securities with the Securities and Exchange Commission.

The Company records securities transactions and related revenue and expenses on a settlement date basis, unless materially different from a trade date basis. Securities owned or sold, but not yet purchased by the Company (substantially common stock) are recorded at market value and related changes in market value are reflected in income.

The Company, under Rule 15c3-3(k)(2)(ii), is exempt from the reserve and possession or control requirements of Rule 15c3-3 of the Securities and Exchange Commission. The Company does not carry or clear customer accounts. Accordingly, all customer transactions are executed and cleared on behalf of the Company by its clearing broker on a fully disclosed basis. The Company's agreement with its clearing broker provides that as clearing broker, that firm will make and keep such records of the transactions effected and cleared in the customer accounts as are customarily made and kept by a clearing broker pursuant to the requirements of Rules 17a-3 and 17a-4 of the Securities and Exchange Act of 1934, as amended (the Act). It also performs all services customarily incident thereon, including the preparation and distribution of customer's confirmations and statements and maintenance margin requirements under the Act and the rules of the Self Regulatory Organizations of which the Company is a member.

The Company provides for depreciation of furniture and equipment on a straight-line method over the estimated lives of the related assets.

For purposes of cash flows, the Company considers money market funds with a maturity of three months or less to be cash equivalents.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***NOTE 2 - NET CAPITAL REQUIREMENTS***

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. At December 31, 2001, the Company had net capital and net capital requirements of \$6,529 and \$5,000. The Company's net capital ratio (aggregate indebtedness to net capital) was 0 to 1. According to Rule 15c3-1, the Company's net capital ratio shall not exceed 15 to 1.

**MISSION CAPITAL INVESTMENT GROUP**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

***NOTE 3 - INCOME TAXES***

The Company has a remaining net operating loss carryforward of approximately \$73,000 expiring through 2017 to be used to offset future income taxes. A valuation reserve has been set up equal to the tax benefit of the net operating loss carryforward due to the uncertainty of realization.

***NOTE 4 - FINANCIAL INSTRUMENTS, OFF-BALANCE SHEET RISKS  
AND CONTINGENCIES***

In the normal course of business, the Company's clients activities ("clients") through its clearing broker involve the execution, settlement, and financing of various client securities transactions. These activities may expose the Company to off-balance sheet risk. In the event the client fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the client's obligations.

The Company's financial instruments, due from the clearing broker, is carried at amounts which approximate fair value.

In addition, the Company bears the risk of financial failure by its clearing broker. If the clearing broker should cease doing business, the Company's receivable from this clearing broker could be subject to forfeiture.

## **SUPPLEMENTARY INFORMATION**

MISSION CAPITAL INVESTMENT GROUP, INC.

COMPUTATION OF NET CAPITAL PURSUANT TO UNIFORM  
NET CAPITAL RULE 15c3-1  
FOR THE YEAR ENDED DECEMBER 31, 2001

**CREDIT:**

Shareholders' equity	\$ 7 251
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**DEBITS:**

Non-allowable assets:

Due from clearing broker	722
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**NET CAPITAL**

6 529

Minimum requirements of 6-2/3% of aggregate indebtedness  
of \$ 0 or \$5,000, whichever is greater

5 000

*Excess net capital*

\$ 1 529

**AGGREGATE INDEBTEDNESS**

\$ -

**RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL**

0 to 1

Note: There are no material differences between the above computation of net capital and the corresponding computation as submitted by the Company with the unaudited Form X-17A-5 as of December 31, 2001

**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

The Board of Directors  
Mission Capital Investment Group, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Mission Capital Investment Group, Inc. for the year ended December 31, 2001, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Mission Capital Investment Group, Inc. that we considered relevant to the objectives stated in Rule 17a-5(g), (i) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3; and (ii) for safeguarding the occasional receipt of securities and cash until promptly transmitted to the Company's clearing brokers. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or complying with the requirements for prompt payment for securities under section 8(b) of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. This report recognizes that it is not practicable in an organization the size of Mission Capital Investment Group, Inc. to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2001, to meet the Commission's objectives.

In addition, our review indicated that Mission Capital Investment Group, Inc. was in compliance with the conditions of exemption from Rule 15c3-3 pursuant to paragraph k(2)(ii) as of December 31, 2001, and no facts came to our attention to indicate that such conditions had not been complied with during the year.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

*Spicer, Jeffries & Co.*

Denver, Colorado  
February 26, 2002

MISSION CAPITAL INVESTMENT GROUP, INC.

REPORT PURSUANT TO RULE 17a-5(d)

YEAR ENDED DECEMBER 31, 2001